

## SENATE BILL No. 385

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2.3.

**Synopsis:** Income tax deduction for child care expenses. Provides an income tax deduction for employment related child care expenses. The deduction is equal to the lesser of \$4,000 per child or the taxpayer's adjusted gross income.

**Effective:** January 1, 2000.

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**Simpson**

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January 11, 1999, read first time and referred to Committee on Finance.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## SENATE BILL No. 385

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3-2.3 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2000]:

4 **Chapter 2.3. Child Care Deduction for Individuals**

5 **Sec. 1. As used in this chapter, "adjusted gross income" has the**  
6 **meaning set forth in IC 6-3-1-3.5.**

7 **Sec. 2. (a) As used in this chapter, "employment related child**  
8 **care expenses" means amounts that are:**

9 (1) paid for the care of a qualifying child; and

10 (2) incurred to enable an individual taxpayer, including an  
11 individual taxpayer's spouse in the case of a joint return, to be  
12 gainfully employed.

13 (b) The term does not include an amount paid for services  
14 outside the taxpayer's household at a camp where a qualifying  
15 child stays overnight.

16 (c) The term does not include amounts paid for services outside  
17 the taxpayer's household that are not provided in conformity with



1 applicable state and local laws.

2 Sec. 3. As used in this chapter, "qualifying child" means an  
3 individual who is less than thirteen (13) years of age and for whom  
4 the taxpayer is entitled to a deduction for federal income tax  
5 purposes under Section 151(c) of the Internal Revenue Code.

6 Sec. 4. An individual taxpayer, including an individual  
7 taxpayer's spouse in the case of a joint return, who has  
8 employment related child care expenses during the taxable year is  
9 entitled to a deduction in computing the taxpayer's adjusted gross  
10 income for the taxable year.

11 Sec. 5. The amount of a deduction under section 4 of this  
12 chapter for a taxable year is equal to the lesser of:

13 (1) the taxpayer's adjusted gross income; or

14 (2) four thousand dollars (\$4,000) of employment related child  
15 care expenses per qualifying child.

16 Sec. 6. If both spouses reside in the same household, the total  
17 amount of the deduction computed under section 5 of this chapter  
18 may be claimed only once.

19 Sec. 7. (a) The department may adopt rules under IC 4-22-2 to  
20 implement this chapter.

21 (b) The department may require that a taxpayer apply for a  
22 deduction under this chapter on a form designated by the  
23 department.

24 SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3-2.3, as  
25 added by this act, applies only to taxable years that begin after  
26 December 31, 1999.

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